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March 28, 2013

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**VIA EMAIL AND REGULAR MAIL**

Charles D. Sakai, Esq.  
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**Re: Declaration of Impasse (for purposes of Interest Arbitration  
pursuant to December 7, 2011 Sideletter regarding Wages  
and Term)  
File No. 039073**

Dear Charles:

In anticipation of tomorrow's call with Judge Flaherty regarding the interest arbitration currently set for May 6-8, 2013, it seems appropriate that we should tee-up for the Judge's determination the issue of whether the 10% salary range reduction agreed to in the June 3, 2011 Tentative Agreement is "ongoing or one-time" by declaring that the parties have in fact reached an impasse over that issue.

The December 7, 2011 sideletter contemplates negotiations on that subject through April 30, 2013; however, in light of the practical realities of setting a hearing date with the judge, which will allow him to reach a decision on this question by May 31, 2013, the POA believes we should declare impasse now. We do not believe the City will question that we are, in fact, at impasse.

I do want to make it crystal clear that the declaration of impasse is intended only to extend to the "ongoing or one time" issue, and does not affect negotiations for what will be in the next MOA. The parties had what the POA believes was a constructive meeting in that regard on Tuesday. And we have already scheduled additional negotiation sessions for April 19, 26 and May 1-3.

Charles D. Sakai, Esq.

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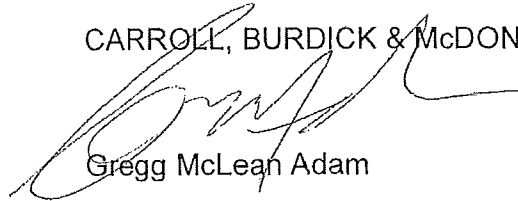
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We look forward to our discussions with Judge Flaherty tomorrow morning.

Very truly yours,

CARROLL, BURDICK & McDONOUGH LLP



Gregg McLean Adam

GMA:jo

cc: Jim Unland, President, San Jose POA

Hon. John A. Flaherty (Ret.) c/o Kristianne Replogle, Case Manager